

§§ 1941.30–1941.31 [Reserved]

§ 1941.32 Catastrophic Risk Protection (CAT) insurance requirement.

Applicants must comply with the CAT insurance requirement no later than loan closing by either:

- (1) Obtaining at least the CAT level of coverage, if available, for each crop of economic significance as defined by the Federal Crop Insurance Corporation, or,
- (2) By waiving eligibility of emergency crop loss assistance in connection with the uninsured crop. FSA emergency (EM) loss loan assistance is not considered emergency crop loss assistance for the purpose of the crop insurance waiver on the uninsured crop.

[62 FR 9355, Mar. 3, 1997]

§ 1941.33 Loan approval or disapproval.

(a) *Loan approval authority.* Initial and subsequent loans may be approved as authorized by subpart A of part 1901 of this chapter, provided the total direct operating loan principal balance at loan closing does not exceed \$200,000.

(b) *Loan approval action.* (1) The loan approval official must approve or disapprove applications within the deadlines set out in §1910.4 of subpart A of part 1910 of this chapter. The loan approval official is responsible for reviewing the docket to determine whether the proposed loan complies with established policies and all pertinent regulations. When reviewing the docket and before approving the loan, the loan approval official will determine that:

- (i) The Agency has certified the applicant eligible,
- (ii) Funds are requested for authorized purposes,
- (iii) The proposed loan is based on a feasible farm operating plan.
- (iv) The security is adequate,
- (v) Necessary supervision is planned, and
- (vi) All other pertinent requirements have been met or will be met.

(2) When approving the loan, the approval official will:

- (i) Indicate on all copies of Form FmHA or its successor agency under Public Law 103–354 1940–1, “Request for Obligation of Funds,” any conditions required by Agency or its successor

agency under Public Law 103–354 regulations that must be met for loan closing;

- (ii) Specify all security requirements;
- (iii) Indicate special conditions or agreements needed with prior lienholders when appropriate;
- (iv) Indicate that approval is subject to satisfactory title evidence when required, if such evidence has not been obtained; and

(v) Send a signed copy of Form FmHA or its successor agency under Public Law 103–354 1940–1 to the borrower on the date of loan approval.

(c) *Loan disapproval.* The loan approval official must approve or disapprove applications within 60 days after receiving a complete application, as set out in §1910.4 of subpart A of part 1910 of this chapter. The following actions will be taken when a loan is disapproved:

(1) The reasons for disapproval will be indicated on Form FmHA or its successor agency under Public Law 103–354 1940–1 by the loan approval official. The reasons may be in a letter or the running record if this form has not been completed. Suggestions of how to remedy the disapprovals should be included.

(2) The County Supervisor will notify the applicant in writing of the action taken, and include any suggestions that could result in favorable action. The applicant will be notified, in writing, of the opportunity to appeal.

(3) Items furnished by the applicant during docket processing will be returned.

(4) The County Supervisor will notify any other interested parties of the disapproval.

[53 FR 35664, Sept. 14, 1988, as amended at 54 FR 11366, Mar. 20, 1989; 57 FR 18676, Apr. 30, 1992; 58 FR 48282, Sept. 15, 1993; 61 FR 35925, July 9, 1996; 68 FR 62224, Nov. 3, 2003]

§ 1941.34 [Reserved]

§ 1941.35 Actions after loan approval.

(a) *Requesting check.* If the County Supervisor is reasonably certain that the loan can be closed within 20 working days from the date of the check, loan funds may be requested at the time of loan approval through the State Office terminal system. If funds